

IN THE CHANCERY COURT OF JACKSON COUNTY, MISSISSIPPI

IN RE: Lay, et al. v. Singing River Health System, et al.; Cause No. 2015-0060

REPORT BY SPECIAL FIDUCIARY TRACI M. CHRISTIAN

Pursuant to the appointment of Traci M. Christian as Special Fiduciary of the Singing River Health System Employees' Retirement Plan and Trust (the "Plan"), the Court has requested a monthly report. The Special Fiduciary brings to the Court's attention the following items for the month of July, 2020.

Repeated - Ongoing Litigation

We now have four other lawsuits involving the Plan that are pending. Two cases in which the Plan is Petitioner. Those suits are against Transamerica and KPMG, former administrator and auditor respectively. In the third lawsuit, Beasley et al vs SRHS et al, the Plan is a Respondent. The lawsuit alleges benefits owed from the Plan that were not paid. In the fourth lawsuit, Barbour vs SRHSERPT, the Plan is the Respondent. This lawsuit also alleges benefits owed from the Plan that were not paid.

Plan Investments

Attached for the Court's review is a report showing asset positions and activity for the month ending June 30. Investment returns continue to improve from the low point in March. Subsequent reports will keep the Court apprised as to the investment performance in coming months.

For reference: In order to maintain the required funding corridor, the Plan will need to have at least \$97 million in the Trust as of October 1, 2020. As of the valuation date of April 1, we had \$89.241M. With the recovery through June, as of June 30, we had \$98.723M.

Third Quarter Actuarial Valuation

The Special Fiduciary oversaw a mid-year actuarial valuation of the Plan as of April 1, 2020. These results were done at no additional cost to the Plan. The results of this interim valuation indicate that the Plan has fallen below the 90%-110% funding corridor on a projected basis as ordered by the Court.

Because of the precarious position of the Plan in April, the Special Fiduciary again oversaw a third quarter actuarial valuation of the Plan as of July 1, 2020 to reassess the

funded status of the Plan. These results were produced at no additional cost to the Plan. The results of this valuation indicate that the Plan is **92% funded** on a projected basis as of July 1 and once again within the 90%-110% funding corridor as ordered by the Court.

As a result, the Special Fiduciary is not making a recommendation to the Court for any benefit changes at this time.

Repeated - Plan and Trust Documents

Discussions are underway with counsel for SRHS regarding the status of the legal Plan document and Trust Agreement. Both of these documents need to be updated to reflect law changes, court rulings and administrative practices. The Special Fiduciary expects to offer a motion to the Court in the coming weeks requesting permission to move forward with these updates.

Administration

All Plan benefits due and vendor invoices to date have been authorized for payment.

This concludes the report for the 17th day of July, 2020.

Respectfully submitted,



TRACI M. CHRISTIAN

In (\$000's)	Beginning		Net				Asset Value			Net		Ending Market Value
	Market Value	Deposits	Withdrawals	Transfers	Fees	Expenses	Net Cash Flow	Income	Change	Performance		
Total	\$ 97,536	\$ 17	\$ (1,034)	\$ 0	\$ (3)	\$ (6)	\$ (1,026)	\$ 57	\$ 2,155	\$ 2,212	\$ 98,723	
Cash	1,316	15	(1,034)	1,680	-	(4)	656	0	-	0	1,972	
Cash in Mutual Fund Account	53	2	-	308	-	(0)	309	0	-	0	363	
FCI Advisors Fixed Income	9,181	-	-	-	-	(0)	(0)	16	75	92	9,273	
Regiment Capital ¹	90	-	-	-	-	-	-	-	-	-	90	
III Credit Opportunities Fund ²	5,345	-	-	-	-	-	-	-	630	630	5,975	
Coho Partners	5,929	-	-	(500)	-	(0.14)	(500.14)	19	(11)	8	5,437	
Schwab S&P 500 Index Fund	5,138	-	-	(308)	-	-	(308)	-	112	112	4,942	
Sustainable Growth Advisers	7,096	-	-	(1,700)	-	(0.17)	(1,700.17)	6	224	230	5,626	
Disciplined Growth Investors	6,115	-	-	-	-	-	-	-	111	111	6,226	
Nuance Investment	4,893	-	-	-	(3)	(0.12)	(3)	8	(31)	(23)	4,867	
Wells Fargo Special Small Cap Value	5,193	-	-	-	-	-	-	-	82	82	5,275	
Westfield Capital	7,112	-	-	-	-	(0.17)	(0)	4	207	212	7,323	
Invesco Global Real Estate R5	2,749	-	-	-	-	-	-	-	79	79	2,827	
Fidelity Total International Index	7,627	-	-	-	-	-	-	-	323	323	7,950	
DFA International Small Cap Value	1,515	-	-	-	-	-	-	4	30	34	1,549	
Fidelity Emerging Markets Index Prem	2,246	-	-	-	-	-	-	-	160	160	2,406	
Invesco Opp Developing Markets	1,939	-	-	-	-	-	-	-	148	148	2,087	
Gramercy Distressed Opportunities Fund II ²	1,661	-	-	-	-	-	-	-	(26)	(26)	1,635	
Invesco Balanced Risk Allocation ²	5,854	-	-	-	-	-	-	-	149	149	6,002	
Elliott International Ltd. ²	5,938	-	-	-	-	-	-	-	95	95	6,033	
Invesco Mortgage Recovery Fund-Loans ¹	170	-	-	-	-	-	-	-	-	-	170	
Invesco US Income	4,775	-	-	-	-	-	-	-	(202)	(202)	4,573	
Eastern Timberland Opportunities II ¹	5,601	-	-	-	-	-	-	-	-	-	5,601	
Eastern Timberland Opportunities III	-	-	-	520	-	-	520	-	-	-	520	

¹Valuation date: 3/31/2020

²Valued using estimated monthly investment performance

³Fifth Third fee shown include both fees deducted from the Distribution account and expenses deducted from the manager accounts.

⁴Investment services credit represents the reimbursement to the Plan of the revenue sharing associated with certain mutual funds.

⁵Direct cost. Fees deducted from Fifth Third account by investment manager.

⁶Indirect cost. Fees deducted from ending dividend or ending market value.

Withdrawals represent "Employee Benefit Payments".

Fees represent investment management fees.

Expenses represent withdrawals from manager accounts for custodian fees and additional plan services expenses.

Beg market value may vary from previous month ending market values due to adjustments made during current month.

All values are preliminary.

Monthly Fee Overview (in \$000's):		
Fifth Third ³	\$	(3.4) custody fee
Charles Mikhail	\$	(2.3) investment consulting
Nuance Investments	\$	(2.5) investment mgmt fee